United Canso Oil & Gas Ltd.

1969 ANNUAL REPORT

UNITED CANSO OIL & GAS LTD.

DIRECTORS

James L. Buckley
John W. Buckley
Benjamin W. Heath
Cyril K. Kempston
Roland J. Richardson
William Shields, Jr.
John T. Sinclair, Jr.

OFFICERS

John W. Buckley
President

James L. Buckley
Vice President

Roland J. Richardson
Vice President, General Manager & Treasurer

William Shields, Jr.
Secretary

K. Ross Jordan
Assistant Secretary & Assistant Treasurer

B. D. Patterson
Assistant Secretary

AUDITORS

Arthur Young, Clarkson, Gordon & Co.

REGISTRARS AND TRANSFER AGENTS

Montreal Trust Company, 15 King Street, West, Toronto, 1, Ontario
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UNITED CANSO OIL & GAS LTD.

Annual Report 1969

PRESIDENT'S LETTER

To the Shareholders:

Your Company continued through the year under review to implement corporate goals through a combination of a broad exposure to exploratory targets in geographically remote but geologically attractive regions and more conservative ventures in established areas designed to maintain or improve existing production.

Evidence continued to build during the year that the whole northern region of Canada and the United States may represent one of the great, largely untapped natural resource provinces of the world. The Company, accordingly, has substantially expanded its position in this highly prospective area through the acquisition of new land holdings covering nearly 3,600,000 gross acres in the Foxe Basin of Canada's eastern Arctic, the Yukon Territory, and offshore Nova Scotia.

In the Arctic Archipelago the Company holds, as a major part of its Arctic Islands stake, 3,264,000 net acres out of a gross of 6,814,000 acres, representing nearly 15% of the total area farmed out by all companies to Panarctic Oils Limited. This industry-Canadian Government consortium, which is engaged in a three-year $20 to $30 million exploratory search for hydrocarbons throughout the Arctic Islands, achieved in 1969 what appears to be a major gas discovery at Drake Point on Melville Island.

United Canso's strong position in the Arctic is bolstered also by its partnership in a group holding prior filing rights to 957,512 acres of federal lands on Alaska's oil-rich North Slope. The United States Government, it is believed, will render a decision during 1970 on the disposition of Alaskan federal lands. The Company-interest blocks, it may be added, are regarded as prospective for oil in large foothills-type anticlinal structures. Confidence is widespread within the industry that government action will favor the issuance of leases against prior filing rights in the area.

The Foxe Basin properties acquired by United Canso comprise nearly 3,000,000 gross acres on Prince Charles Island and Baffin Island. These acquisitions, added to the Company's prior holdings within the Arctic Archipelago, provide United Canso with

a considerable network of strategic locations across some 3,000 miles of Arctic frontier, extending from the northwesterly coast of Alaska overlooking the Chukchi Sea to Baffin Island in the eastern Arctic.

Major attention as regards the Company's petroleum operations in Australia currently centers on the drilling of the Palm Valley No. 2 well, an eight mile stepout to the west of the Palm Valley discovery well. Principal target of the stepout, which was spudded December 21, 1969, is gas production in the Pacoota formation at a depth of approximately 6,500 feet. At the time of this writing, gas flows have been recorded from the lower Stairway formation at a depth of 6,057 feet. Palm Valley natural gas is regarded as a possible energy source for mining and beneficiation of major reserves of lateritic nickel ore at Wingellina, some 280 miles southwest of Palm Valley, should the owners of these mineral permits act affirmatively with respect to future development plans now under consideration.

United Canso's oil production for the year totaled 1,018,169 barrels before royalties, a decrease of 4.36% from the previous year, while gas production amounted to 5.79 billion cubic feet, a 6.27% decline from the prior year.

The Company's revenues, however, remained substantially unchanged at $2,900,684. Net income amounted to $442,550, equal to $.08 per share based on the average number of shares outstanding during the year. These results compare with revenues of $2,895,093, and net income of $90,383, or $.02 per share, for fiscal 1968.

United Canso's ability to effectuate meaningful programs in pursuit of its corporate goals is enhanced by its continued strong working capital position, which was reinforced through the year by cash flow from operations in the amount of $1,445,529.

The Board of Directors takes this opportunity to express its gratitude to Mr. John T. Sinclair, Jr. for his 15 years of devoted service as President of the Company. It was with regret that the Board accepted his resignation on May 1, 1969. Mr. Sinclair is continuing to serve the Company as a Director and special consultant.

The Directors also wish to express their appreciation for the confidence and support of the shareholders, and to thank the employees for their continued loyal cooperation throughout the year.

On behalf of the Board of Directors,

John W. Buckley
President

Calgary, Alberta
January 23, 1970

Enclosed with this Report is a map showing the location of the Company's major interests and activities in North America.

REVIEW OF OPERATIONS

EXPLORATION

General

United Canso has continued its policy of acquiring large acreage positions in geographically remote but geologically attractive areas where major petroleum accumulations may occur. At the same time, a significant proportion of the Company's exploration funds has been spent on less venturesome prospects which normally yield an early return on investment.

New land holdings comprising 2,972,570 net acres have been secured through filings in the Yukon Territory, the Foxe Basin of Canada's eastern Arctic, and offshore Nova Scotia. In addition, modest spreads have been taken in the more mature exploratory areas of Western Canada where market availability and greater subsurface control combine to lessen risk and provide incentive for exploration.

United Canso participated in a total of 30 exploratory wells during the 1969 fiscal year. These efforts resulted in four oil discoveries, three gas discoveries, and 23 abandonments.

FIVE-YEAR SUMMARY

	1968-69	1967-68	1966-67	1965-66	1964-65
CORPORATE					
Shares authorized	8,000,000	8,000,000	8,000,000	6,000,000	6,000,000
Shares issued or to be issued	5,698,628	5,539,847	5,293,843	4,492,311	4,492,311
FINANCIAL					
Gross revenues after royalties	$2,901,000	$ 2,895,000	$ 2,644,000	$ 2,504,000	$ 2,168,000
Operating income before depletion, depreciation and amortization, write-offs and non-recurring items	1,474,000	1,222,000	988,000	1,104,000	775,000
Net income (loss)	443,000	90,000	(45,000)	49,000	(140,000)
Working capital at year end	2,898,000	2,479,000	2,063,000	361,000	1,084,000
OPERATIONS					
Oil wells (net)	100.17	98.94	82.46	85.22	81.49
Oil production (before royalties) — barrels	1,018,169	1,064,624	986,024	919,151	734,596
Gas wells (net)	30.79	30.75	29.91	31.95	29.55
Gas production (before royalties) — thousand cubic feet	5,786,685	6,173,568	6,659,693	7,163,454	7,043,171
Gross acreage (including carried interest)	34,431,380	33,929,640	31,218,624	30,624,088	31,446,028
Net acreage (including carried interest)	12,060,730	9,549,478	9,260,219	9,419,049	9,531,927

North America

ALASKA

Alaska was the exploration hotspot of North America during 1969. A few of the more important events which occurred there during the year include: a dramatic increase in industry activity, mostly on the North Slope, a record-breaking lease sale, confirmation of Prudhoe Bay as a truly gigantic oil field, and the possible establishment of the famed Northwest Passage as an economic tanker route to U.S. east coast markets.

Much of industry's exploratory operations during the year was aimed at definition of the Prudhoe Bay structure in anticipation of the lease sale held September 10, 1969. Major companies and larger independents without holdings in the area were most aggressive and were willing to pay a considerable premium to be represented in the play. The sale was the largest in history and cash bonuses in excess of $900 million were paid to the State of Alaska.

As outlined in our last Annual Report, United Canso and its partners hold prior filing rights to 957,512 acres of federal lands on Alaska's North Slope. These lands comprise two blocks, one situated east of Naval Petroleum Reserve No. 4 and south of the Prudhoe Bay field (see map insert) and the other west of NPR 4. Both blocks are prospective for oil in large foothills-type anticlinal structures. The eastern land is on geological trend with the 100 million barrel Umiat Cretaceous sand oil field to the west on NPR 4. Triassic sandstones and Mississippian carbonates, which constitute the main pay horizons at Prudhoe, are also present and prospective in both localities.

A decision by the United States Government on the disposition of federal lands in Alaska is expected in 1970. Industry confidence that leases will be issued for the prior filing rights is indicated by the high demand for them at prices of up to $12 per acre in the area of United Canso's holdings.

NORTHWEST TERRITORIES AND YUKON TERRITORY

North Cameron Hills

One wildcat has been scheduled this winter to test Middle Devonian prospects at North Cameron Hills. This area is geologically similar to and lies on northerly trend with the highly productive Rainbow-Zama area of northwest Alberta. Seismic work conducted last winter indicated the presence of several interesting anomalies, one of which will be selected for the test site. On the completion of this well, the Company will own an 18¾% working interest in 127,388 acres in this locality.

Peel, Snake and Rock River Areas

United Canso and its partner, Alminex Limited, hold two blocks comprising 184,128 acres in the Snake and Peel River area. One block (130,892 acres) on the Snake River covers a major anticline, and has been farmed out for a Silurian carbonate test which will earn the farmee a 60% interest in the lands. This wildcat was spudded last autumn and after a lengthy shutdown has recommenced drilling.

Encouragement from additional geologic study of the over-all area led to further filings by United Canso on 53,236 acres 25 miles south of the Peel River block. This acreage is not involved in the farmout discussed above. In addition, the Company filed on 150,915 acres in the Rock River area 65 miles northwest of the Peel River lands. These permits are in a geological setting similar to that of the Peel and Snake River parcels, but lie on the west flank of the Richardson Mountains rather than the east.

Maunoir Area

The Maunoir land (United Canso 100% interest in 370,070 acres) is located 150 miles north-

east of Norman Wells and embraces three large anticlines which are prospective for oil in Lower Paleozoic rocks. A detailed surface geological appraisal of the area has been completed and plans for drilling a number of structure test holes are currently being formulated.

Arrowhead Area

A farmout agreement has been executed with respect to part of our holdings in the Arrowhead area. A major oil company will expend a minimum of $200,000 this winter on exploration operations with the option of drilling up to three wells to earn a 50% interest in the lands to the depth drilled.

The Arrowhead block lies some 50 miles east of the Pointed Mountain gas field in which several gas transmission companies are interested. It is anticipated that a major gas pipeline will be built to service the area within the next two years. In view of this and the favorable geological setting, United Canso, together with its partner, Canadian Gridoil, acquired a further 62,890 acres in this economically attractive area. These permits are not involved in the farmout discussed above.

ARCTIC ISLANDS

Panarctic, the industry-government combine which is exploring for oil in Canada's Arctic, holds most of United Canso's extensive Arctic Islands acreage under farmout agreement. (See table on page 6.)

Panarctic has drilled three wells to date, all on Melville Island. Two have been abandoned and the other, at Drake Point, blew out of control and reportedly was flowing gas at an estimated rate of 10 million cubic feet per day. A relief well is being drilled 1,200 feet to the east to bring the wild well under control. To date it has tested two separate Triassic sandstone reservoirs with gas flows of 10 million and 13 million cubic feet per day. The other two tests, one at Marie Bay and the other at Sandy Point, were both abandoned without significant showings. Panarctic currently plans to drill at least one more well on Melville Island at Towson Point, south of Drake Point. A third rig has commenced drilling on Ellef Ringnes Island to test a large structure, Hoodoo Dome. This test, F-27, is located 16 miles south of a Company-interest block of 467,700 acres (55,200 net acres).

Foxe Basin

Events in Alaska, the Canadian Arctic Islands and in Hudson Bay during early 1969 stimulated considerable industry interest in all unexplored basins in northern Canada. A general review of the entire region was carried out by United Canso's staff and resulted in the decision to acquire permits covering nearly 3,000,000 acres on Prince Charles Island and Baffin Island in the Foxe Basin of Canada's eastern Arctic. The thickness of sediment is unknown, but the basin's geology is believed similar to that of Hudson Bay where recent drilling has confirmed the presence of a petroliferous sedimentary section.

An oil seep has been reported near the Company's lands on Baffin Island. The character of the exposed rocks suggests that the main objective in any well drilled will be reef-type formation.

Since the Company's land filings were reported, a number of other firms have acquired permits in the region; most of these are located offshore. Though the Foxe Basin is located in the Arctic, the marine areas become ice-free by early summertime, and exploration operations should be less severe.

NOVA SCOTIA

The Company has acquired a 25% interest in 310,217 acres of offshore petroleum permits on Canada's eastern Continental Shelf. The permits, which are held jointly with Ulster Petroleums Ltd. and Canadian Export Gas &

PANARCTIC AGREEMENTS

Company-interest properties included in Panarctic Agreements

Islands	Gross Acres	%	Net Acres	Panarctic Drilling Obligations
Bathhurst, etc. (Domex)	4,030,303	11.9164	480,267	Two or three tests, totaling 18,000 feet in depth
Somerset	1,720,780	100	1,720,780	One 6,000-foot test
Devon, Axel Heiberg	1,062,947	100	1,062,947	—
	6,814,030		3,263,994	

Interests to be retained by the Company

	Maximum(1)		Minimum(1)	
	% Working Interest	Net Acres	% Working Interest	Net Acres
Bathhurst, etc. (Domex)	5.660	228,127	2.979	120,067
Somerset(2)	33.333	573,593	33.333	573,593
Devon, Axel Heiberg	73.333(3)	779,494	20.000(4)	212,589
	23.205	1,581,214	13.300	906,249

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(1) Depending on Panarctic's actual expenditures in the entire Arctic Islands program, from a minimum of \$20,000,000 to a maximum of \$30,000,000, it can earn from 52.5% to 75% working interest in the Domex properties, and from 26⅔% to 80% working interest in the Devon and Axel Heiberg properties.

(2) The Somerset Island properties are divided into two blocks, each separately convertible to a 25% carried interest or a 4⅙% overriding royalty interest.

(3) Convertible to a 30% carried interest or 7% overriding royalty interest.

(4) Convertible to a 15% carried interest or 4% overriding royalty interest.

Oil Ltd., are located approximately 30 miles offshore Nova Scotia's southeast coast.

This portion of the eastern Continental Shelf is the scene of major exploration, including a $30 million multi-well drilling program which is under way. Industry interest in this offshore play has grown steadily since the discovery of numerous structures and salt domes in a thick sedimentary section which is known to be present in the area. Significant oil and gas shows have been recorded in the few deep wells which have been drilled to date.

ALBERTA

Job Creek

The Company has joined a number of other firms in drilling a deep Devonian test in the mountain area bordering Jasper National Park. The drill site is on a major anticline defined by surface geology and seismic and prospective for large gas reserves. At the completion of this test United Canso will have earned a 5% interest in 21,640 acres.

Jarrow Area

A permit comprising 20,480 acres was purchased by the Company in the Jarrow area of east-central Alberta. These lands are prospective for petroleum and natural gas in Cretaceous rocks. A major gas pipeline cuts through the permit and offers a convenient sales outlet if economic gas reserves are discovered. A well is planned on this land at an early date.

WYOMING

Parkman Area

During fiscal 1969 the last two wells in a three-well program undertaken by Publishers Petroleum were drilled to the Skull Creek formation. One of these, Publishers No. 1-23 Montgomery, was completed as a modest Cretaceous Muddy Sandstone oil discovery. One shallow and one deep test well are projected on Company-interest properties during the first quarter of 1970.

Australia

NORTHERN TERRITORY

The 1968-1969 exploratory program in the Amadeus Basin, which included the drilling of three prospects, was completed recently with disappointing results. Two of the prospects, Tyler and West Waterhouse, were found and defined by seismic work carried out in the Missionary Plain area of the Amadeus Basin. Northwest Mereenie, a smaller feature, was outlined by exploratory drilling in the adjacent Mereenie field and by geophysical work accomplished in 1964 and 1966. Tyler was drilled to a depth of 12,599 feet and abandoned in June 1969. Northwest Mereenie No. 1, a step out well approximately five miles from West Mereenie No. 1, was drilled to a depth of 5,000 feet and abandoned in July 1969. West Waterhouse No. 1, a wildcat well designed to test a possible petroleum trap on the Waterhouse anticline, encountered a small amount of gas and salt water in its principal target — the Pacoota formation which is productive in the Mereenie and Palm Valley fields. Since Pacoota reservoirs penetrated by this test were found to have low porosities and permeabilities, the test was discontinued at 6,528 feet after drilling about 600 feet into the formation.

The previous discoveries of oil and gas at Mereenie and Palm Valley in central Australia led to studies to determine how these reserves can best be used for the future commercial development of this vast region. In this connection a feasibility study was conducted by Pipe Line Technologists Pty. Ltd. on behalf of the Mereenie field owners with respect to the construction of a refinery in the Alice Springs area to operate on crude oil from that field.

The findings of this study indicate that a refinery at Alice Springs would be both eco-

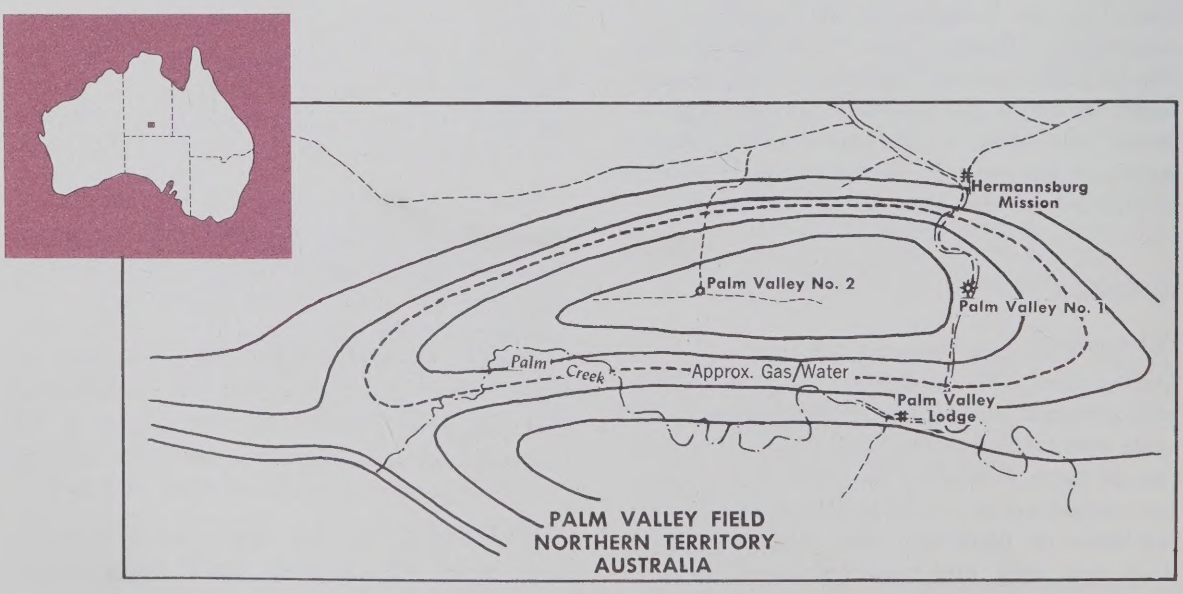
nomic and competitive, especially in view of the fact that remote central Australia is completely dependent for its fuel requirements on petroleum products transported overland by truck and train from Adelaide and Darwin. The Company and the other Mereenie participants are examining the matter further, and discussions have been initiated with Commonwealth government officials.

In August 1969, International Nickel Company of Canada, Limited, one of the owners of mineral permits covering a reportedly large reserve of lateritic nickel ore near Wingellina in Western Australia, was granted a one-year extension of its rights with the understanding that the companies would reach a decision with respect to development of the reserves during that period. Wingellina is approximately 280 miles southwest of the Palm Valley gas discovery on O.P. 43 in the Northern Territory. (United Canso interest 24.38%)

South Western Mining (N.L.), International Nickel's Australian subsidiary, in a press release made at the time the extension was granted, stated that "the continuing program would include additional field work, further engineering studies and the procuring and shipping of some 750 tons of lateritic ore samples to International Nickel's laboratory and research stations in Canada for metallurgical testing and treatment," and that "if the results of the new program of pilot plant testing prove favorable, the company intends to proceed with development of the deposit." It also referred to "continuing research advances made by International Nickel in the processing of lateritic nickel ores" since the discovery several years ago.

In connection with such studies, representatives of United Canso and its partners have discussed with International Nickel the possible use of Palm Valley natural gas as an energy source for the proposed mining and beneficiation of the ore. It is estimated that such processes would require approximately 40 to 50 million cubic feet of gas per day.

In view of this development, and also because the heavy-duty rig used in the recent Amadeus program had not yet been moved from the area, management decided to proceed immediately with the drilling of a stepout to the Palm Valley discovery well. Palm Valley No. 2, located eight



miles to the west of Palm Valley No. 1, will seek gas production in the Pacoota formation at a depth of approximately 6,500 feet.

Drilling of this well was commenced in December 1969. On January 21, 1970 the well had drilled to 6,057 feet using air and mist-drilling techniques. At this depth the well flowed gas at the rate of 1,280,000 cubic feet per day from the lower Stairway formation. Preparations were under way to log the well and run casing before drilling ahead toward the Pacoota sandstone, its primary objective.

QUEENSLAND

An exploration agreement has been entered into with Beaver Exploration Australia N. L. and Pexa Oil N. L., which involves Authority to Prospect 138-P comprising about 5,037,000 acres in the northeastern portion of the Great Artesian basin. Beaver and Pexa may earn a 50% interest in the permit now held jointly by United Canso and its partners and Topco-Calasiatic by conducting seismic and drilling operations over a period of three years at an estimated cost of between \$1,100,000 and \$1,800,000. The first year's program will consist of two to six months' seismic work and the drilling of two wells.

MINERAL EXPLORATION

Australia

Through its 30% equity ownership in Magellan Petroleum (N.T.) Pty. Ltd., the Company is participating in a number of mineral exploratory ventures in Australia. The largest acreage concentration is in the Northern Territory where copper, lead, uranium and gold are the principal minerals being sought. Results of exploration at Perenti, northeast of Alice Springs, have been encouraging. A diamond drilling program is under way to further investigate the prospect. Mineral exploration programs are also in progress at other areas between Alice Springs and Darwin.

Canada

BOREALIS EXPLORATION LIMITED

In 1968 the Company and Canada Southern Petroleum Ltd. entered into agreements with Catawba International, Inc. and Borealis Exploration Limited which entitle them to participate in mineral prospects developed by the latter company prior to April 1972. Borealis is engaged in mineral exploration in the Canadian Arctic and presently holds interests in some 2,000,000 acres located in three main areas of the Northwest Territories: Melville Peninsula, the Hood River area, and Baffin Island.

Of particular interest was the discovery by Borealis in 1968 of large iron deposits on its permit areas in the eastern and western sectors of Melville Peninsula. In the eastern sector an iron-bearing formation was traced over a length of 30 miles within which four zones, each 400 feet wide and over 4,000 feet long, were outlined. In the western sector, an iron-bearing zone averaging 600 feet in width over a length of 10,500 feet was mapped. Samples from a representative cross-section of this zone showed an average soluble iron content of 40%. In metallurgical tests, samples from both deposits produced concentrates which exceed industry specifications and which have excellent qualities for pelletizing. The 1969 exploratory program included detailed studies of the Melville Peninsula iron deposits, including geological mapping, geophysical surveys and bulk sampling. Possible ore reserves are now estimated by Borealis' consultants to be approximately four billion tons.

In the Hood River area, located approximately 300 miles northeast of Yellowknife, Borealis holds prospecting permits covering some 300,000 acres located in a geological environment which in that region has proved favorable for base metal ore deposition. Reconnaissance mapping and sampling carried out in the summer of 1968 returned significant show-

ings of copper, zinc, gold and silver at a number of localities on the properties. The exploratory program in 1969 included an airborne geophysical survey, the results of which are presently being evaluated. Detailed field work will be carried out in the 1970 season.

In addition, Borealis during recent months has been engaged in an intensive uranium search program in a joint venture with Reactor Uranium Mines Limited covering over 1,300,000 acres of mineral permits on Baffin Island. Airborne radiometric surveys and field work indicate the presence of uranium-bearing deposits on which further work is scheduled for the coming season.

The Company's participation in the Borealis venture is represented by the ownership of 90,000 shares of stock in the latter company, and of $225,000 face-amount of Borealis' debentures. The Company also holds certain options including the option to acquire, at cost, up to a 20% direct interest in any mineral prospects

FIVE-YEAR SUMMARY OF PRODUCTION

	Productive Wells Sept. 30, 1969		Net Production (before Royalties) for Fiscal Year Ended September 30				
			1969	1968	1967	1966	1965
OIL	Gross	Net	Oil (Barrels)				
Canada							
Alberta	332	7.82	58,693	58,245	65,154	66,432	79,649
British Columbia	130	6.08	169,742	162,973	150,518	140,195	130,190
Saskatchewan	579	86.12	789,734	843,406	770,352	712,524	501,118
Total Canada	1,041	100.02	1,018,169	1,064,624	986,024	919,151	710,957
Australia	1	.15	—	—	—	—	—
United States (1)	—	—	—	—	—	—	23,639
Total Oil	1,042	100.17	1,018,169	1,064,624	986,024	919,151	734,596
GAS			Gas (Thousand Cubic Feet)				
Canada							
Alberta	50	10.71	1,598,688	1,697,515	1,891,459	2,064,325	2,034,744
British Columbia	31	1.09	410,651	471,900	449,106	290,916	332,386
Saskatchewan	49	18.05	3,777,346	4,004,153	4,319,128	4,808,213	4,670,432
Total Canada	130	29.85	5,786,685	6,173,568	6,659,693	7,163,454	7,037,562
Australia	5	.94	—	—	—	—	—
United States (1)	—	—	—	—	—	—	5,609
Total Gas	135	30.79	5,786,685	6,173,568	6,659,693	7,163,454	7,043,171

(1) Producing properties in the United States sold in January 1965.

developed by Borealis prior to April 1, 1972 or until work to prove a prospect is commenced, whichever first occurs.

DEVELOPMENT AND PRODUCTION

OIL

United Canso's oil production for the year came to 1,018,169 barrels before royalties, a decrease of 4.36% from the previous year. This production was equivalent to an average daily rate of 2,790 barrels. Natural declines in production were partly offset by new wells in Smiley-Dewar and Eureka and response to waterflooding in Smiley-Dewar and Boundary Lake.

Drilling in the year under review resulted in completion of five development oil wells (2.74 net) and four oil discoveries (.85 net). Tables listing these wells and showing a comparison of production during the past five years will be

WELLS DRILLED — Year ended September 30, 1969

	Total		Oil Wells		Gas Wells		Dry Holes	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
EXPLORATORY								
Canada								
Alberta	8	1.773	2	.225	2	.650	4	.898
British Columbia	6	2.416	—	—	1	.025	5	2.391
Manitoba	1	.100	—	—	—	—	1	.100
Northwest Territory	2	.750	—	—	—	—	2	.750
Ontario	1	.075	—	—	—	—	1	.075
Saskatchewan	4	1.800	1	.500	—	—	3	1.300
United States								
Wyoming	5	.400	1	.125	—	—	4	.275
Australia								
Northern Territory	3	.760	—	—	—	—	3	.760
Total Exploratory	30	8.074	4	.850	3	.675	23	6.549
DEVELOPMENT								
Canada								
Saskatchewan	12	3.890	5	2.740	—	—	7	1.150
Total	42	11.964	9	3.590	3	.675	30	7.699

found elsewhere in this Report. Two development wells, in which United Canso owns a 74.5% working interest, were completed in the South Eureka field. A third development well was completed in the Smiley-Dewar field on Company wholly-owned land. These three wells added approximately 100 barrels per day to United Canso's production. Two wells were drilled under farmout agreements in the general Innes area, with United retaining an overriding royalty.

Waterflooding in the Smiley-Dewar field has continued to show favorable response. This and the production from the new well mentioned above has increased production in this field by 185 barrels per day to approximately 950 barrels per day.

Unitization of the Elmore field in southeast Saskatchewan is now in the final stage and it is expected that the Unit will be effective early in 1970. Under the final agreement among the working interest owners, United's share will be 9.94%. Plans for installation of waterflood facilities, infill drilling (two wells) and battery consolidation have been approved by the Unit participants and this work is to be started immediately.

The larger of the two Cold Lake steamflood projects, Grand Centre, suffered a setback when the steam generation plant burned down in March, after only three months of steam injection. The loss was covered by the Company's insurance, and rebuilding has recently been completed. Pressure testing is now under way and full operation has been re-established.

In the smaller Rat Lake project, steam has been injected since May 1969. Small amounts of oil have been recovered from the producing wells after steam soaking.

GAS

The Company's gas production for the year was 5.79 billion cubic feet, a 6.27% reduction from the last year, following natural decline of established fields.

An enlargement of the Coleville Gas Unit during the year included the 320-acre tract on which United Canso last year completed a Viking gas well. Other acreage belonging to another company was also included. United's interest was not changed significantly, but the added reserves will result in increased sales by the Unit.

FINANCIAL

REVENUES

Revenues for the fiscal period remained practically unchanged from the previous year at $2,900,684. Oil income declined 1.9% due mainly to reduced output from the North Eureka, Willmar and Innes producing properties while gas income declined approximately .6%.

COSTS AND EXPENSES

Geological and geophysical costs were substantially lower at $101,678 compared to $346,293 the previous year due in part to reduced seismic expenditures associated with northern land holdings.

Lease and permit rentals were reduced to $128,744 due to selective reduction in acreage held.

Production costs increased to $667,829 largely due to remedial repairs to older wells in Smiley-Dewar, Eureka and recompletion costs in the Innes area.

Depletion, amortization and depreciation for the period amounted to $629,601 compared to $716,037 the previous year. The reduction in these costs is the result primarily of lower unit-of-production costs brought about by an upward revision in the estimated recoverable reserves of oil and gas.

The cost of dry holes and abandonments decreased to $411,241 from $464,226.

General and administrative expenses increased 5.1% to $528,592 as compared with $502,863 for the previous year.

WORKING CAPITAL

The Company maintained its strong working capital position throughout the year. Cash flow from operations for the year amounted to $1,445,529.

Bank deposit receipts of $2,600,000 account for the major portion of the Company's current assets. These short term deposits continue to provide income at favorable rates of interest and are available as needed for future operations.

ACREAGE SUMMARY

	Gross Acres		Net Acres	
	September 30		September 30	
	1969	1968	1969	1968
Australia				
Northern Territory	12,693,120	12,693,120	3,937,483	3,937,483
Queensland	5,036,800	5,726,720	501,146	570,138
Northern Territory (Minerals)	1,797,983	4,478,080	237,777	671,712
Western Australia (Minerals)	1,028,622	985,600	96,693	92,400
New South Wales (Minerals)	83,200	—	6,240	—
South Australia (Minerals)	512,000	—	76,800	—
Canada(1)				
Arctic Islands (Panarctic agreement areas)	6,814,030	6,814,030	3,263,994	3,263,994
Foxe Bay	2,984,487	—	2,686,038	—
Yukon & N.W. Territories(2)	883,143	596,102	668,279	459,301
Western Canada	1,416,824	1,499,683	253,242	247,082
Ontario	26,130	—	26,130	—
United States				
Alaska	957,512	937,106	239,378	234,277
Wyoming, Montana	176,529	178,199	67,530	73,091
Venezuela (Overriding Royalty)	21,000	21,000	—	—
Total	34,431,380	33,929,640	12,060,730	9,549,478

(1) Excludes Nova Scotia properties acquired in November 1969 (310,217 gross acres, 77,554 net acres).

(2) The Company also has a right to acquire up to a 20% interest in any mineral prospects developed by Borealis Exploration Limited prior to April 1, 1972. Borealis holds mineral exploration rights covering approximately 1,996,000 gross (1,395,000 net) acres in the Northwest Territories of Canada.

CONSOLIDATED BALANCE SHEET

(Expressed in Canadian dollars)
September 30, 1969 and 1968

ASSETS

	1969	1968
Current assets:		
Cash	$ 94,770	$ 174,803
Bank deposit receipts and accrued interest	2,632,460	2,512,782
Accounts receivable	377,142	432,163
Refundable deposits	69,770	43,596
Prepaid expenses and other assets	91,316	46,823
Total current assets	3,265,458	3,210,167
Investments and advances:		
Australian companies:		
United Canso Oil & Gas Co. (N.T.) Pty. Ltd., 40% of capital stock, at equity ($256,911 and $226,772, respectively), and advances	612,888	549,479
Magellan Petroleum (N.T.) Pty. Ltd., 30% of capital stock, at equity ($566,400 and $364,051, respectively), and advances	1,283,179	860,913
Magellan Petroleum (Qld.) Pty. Ltd., 20% of capital stock, at equity ($113,076 and $104,131, respectively), and advances	130,277	130,056
	2,026,344	1,540,448
Borealis Exploration Limited, at cost:		
8% unsecured debentures, maturing March 31, 1978 — interest accruing thereon after March 31, 1973	225,000	225,000
5.36% of common stock	84,000	—
Smiley Gas Conservation Limited, 26% of capital stock, at cost, and 5% demand notes of $52,000	52,260	52,260
Property and equipment:		
Oil and gas interests, at cost or less:		
Producing (less depletion of $3,204,902 and $3,293,396, respectively)	1,704,138	1,819,776
Nonproducing:		
Canada	1,951,675	1,863,565
United States	402,264	427,678
Venezuela (less amortization of $44,653 and $29,769, respectively)	215,824	230,708
	2,569,763	2,521,951
Well costs and gathering systems, at cost:		
Producing (less depreciation and amortization of $4,960,888 and $4,634,139, respectively)	2,873,997	3,012,990
In process and standing (not presently producing)	1,004,959	704,644
Land, buildings and equipment, at cost (less depreciation of $184,774 and $192,144, respectively)	45,101	58,938
	8,197,958	8,118,299
	$13,851,020	$13,146,174

The accompanying notes are an integral part of this statement.

LIABILITIES AND CAPITAL

	1969	1968
Current liabilities:		
Accounts payable and accrued liabilities:		
Trade	$ 225,894	$ 517,226
Magellan Petroleum Corporation	54,178	103,877
The Catawba Corporation	12,634	34,953
	292,706	656,056
Notes payable to Borealis Exploration Limited	75,000	75,000
Total current liabilities	367,706	731,056
Note payable to Borealis Exploration Limited due after one year	—	75,000
Deferred income	76,397	—
Capital:		
Capital stock, par value $1 per share:		
Authorized — 8,000,000 shares		
Issued or to be issued — 5,698,628 and 5,539,847 shares, respectively	5,698,628	5,539,847
Capital in excess of par value	15,217,327	14,751,859
Accumulated deficit	(7,509,038)	(7,951,588)
	13,406,917	12,340,118
Commitments and contingent liabilities (Note 3)		
	$13,851,020	$13,146,174

On behalf of the Board:

s/s John W. Buckley, *Director*

s/s Roland J. Richardson, *Director*

CONSOLIDATED STATEMENT OF INCOME AND ACCUMULATED DEFICIT

(Expressed in Canadian dollars)
Years ended September 30, 1969 and 1968

	1969	1968 (*)
Revenues:		
Oil sales	$2,072,211	$2,112,706
Gas sales	571,224	574,485
Royalties	84,315	60,892
Interest and miscellaneous	172,934	147,010
	2,900,684	2,895,093
Costs and expenses:		
Geological and geophysical costs	101,678	346,293
Lease and permit rentals	128,744	200,167
Production costs	667,829	623,583
Depletion and amortization	461,927	529,392
Depreciation	167,674	186,645
Dry holes and abandonments	411,241	464,226
Gain on sales of property and equipment	(9,551)	(73,836)
General and administrative expenses	528,592	502,863
Adjustment of investments in Australian companies to equity in net assets at end of year	—	25,377
	2,458,134	2,804,710
Net income	442,550	90,383
Accumulated deficit at beginning of year	7,951,588	8,041,971
Accumulated deficit at end of year	$7,509,038	$7,951,588
Net income per share based on average number of shares outstanding during the year	$.08	$.02

(*) Reclassified to conform with 1969 presentation.

The accompanying notes are an integral part of this statement.

CONSOLIDATED STATEMENT OF CAPITAL STOCK AND CAPITAL IN EXCESS OF PAR VALUE

(Expressed in Canadian dollars)
Years ended September 30, 1968 and 1969

	Number of shares	Capital stock, $1 par value	Capital in excess of par value	Total
Balance at September 30, 1967	5,293,843	$5,293,843	$13,754,202	$19,048,045
Net proceeds from sales of capital stock	146,930	146,930	466,634	613,564
Net proceeds from sales of 139,468 stock purchase warrants	—	—	166,949	166,949
Proceeds from exercise of stock purchase warrants	56,478	56,478	155,408	211,886
Acquisition of interest in Alaska — shares issued during November 1968	42,596	42,596	208,666	251,262
Balance at September 30, 1968	5,539,847	5,539,847	14,751,859	20,291,706
Proceeds from exercise of stock purchase warrants	149,706	149,706	425,190	574,896
Proceeds from exercise of stock options	9,075	9,075	45,375	54,450
Expenses applicable to issuance of shares for acquisition of interest in Alaska in fiscal 1968	—	—	(5,097)	(5,097)
Balance at September 30, 1969	5,698,628	$5,698,628	$15,217,327	$20,915,955

The accompanying notes are an integral part of this statement.

CONSOLIDATED STATEMENT OF SOURCE AND DISPOSITION OF WORKING CAPITAL

(Expressed in Canadian dollars)
Years ended September 30, 1969 and 1968

	1969	1968 (*)
Source of working capital:		
Net income	$ 442,550	$ 90,383
Charges against income not involving working capital during the current year:		
Depletion and amortization	461,927	529,392
Depreciation	167,674	186,645
Sales, retirements and abandonments of property and equipment	373,378	313,354
Long-term note payable to Borealis Exploration Limited	(75,000)	75,000
Increase in deferred income	76,397	—
Decrease in notes receivable from Smiley Gas Conservation Limited	—	7,800
Sales and issuance of capital stock and stock purchase warrants	624,249	1,243,661
	2,071,175	2,446,235
Disposition of working capital:		
Additions to property and equipment	1,082,638	1,482,558
Increase in investments in and advances to the Australian companies	485,896	322,938
Investment in Borealis Exploration Limited	84,000	225,000
	1,652,534	2,030,496
Increase in working capital	418,641	415,739
Working capital at beginning of year	2,479,111	2,063,372
Working capital at end of year	$2,897,752	$2,479,111

(*) Reclassified to conform with 1969 presentation.

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

September 30, 1969

1. Basis of the financial statements

The accompanying consolidated financial statements include the accounts of United Canso Oil & Gas Ltd. (United Canso) and its wholly-owned U. S. subsidiary, Canso Oil & Gas, Inc. (Canso Oil & Gas), hereafter referred to collectively as the Company. The accounts of Canso Oil & Gas have been translated at the rate of $1 U. S. = $1.0787 Can. Unrealized gain or loss from translation, which is not significant, has been credited or charged to general and administrative expenses. The excess ($264,554) of United Canso's investment at September 30, 1969 over its equity in net assets of Canso Oil & Gas, representing net loss since inception, has been included in accumulated deficit in the accompanying consolidated financial statements.

Realization of investments and advances (see Note 2) and of the investment in nonproducing property and equipment is dependent upon future developments, since the properties represented by these assets are substantially unexplored or undeveloped.

2. Investments and advances

United Canso acquired a substantial portion of its interest in the Australian companies from Magellan Petroleum Corporation (Magellan) in September 1963. A substantial portion of the remaining interest in the Australian companies is held (directly or indirectly) by Magellan and Pantepec International, Inc.

The Australian companies have interests in petroleum and mineral exploration concessions and permits throughout Australia where exploratory activities are in progress. In connection with these activities, the Australian companies have entered into agreements with various companies covering exploration of certain property interests held. Under these agreements the various companies have earned or may earn up to a 50% working interest in such property interests.

United Canso's equity in the combined net assets (adjusted to cost) of the Australian companies was $936,387 at September 30, 1969. The net assets of the Australian companies consist primarily of deferred drilling, geological, geophysical and administrative costs.

In May 1968, the Company and Canada Southern Petroleum Ltd. (Canada Southern) entered into an agreement, subsequently amended, with Catawba International, Inc., a subsidiary of The Catawba Corporation, which was acting on behalf of a new company, Borealis Exploration Limited (Borealis), then being organized for the purpose of engaging in mineral exploration in northern Canada. The Company agreed to advance $225,000 in cash over a three-year period to Borealis, of which $75,000 is payable on March 31, 1970, in exchange for $225,000 face amount of Borealis 8% debentures, maturing March 31, 1978, together with certain options including the option to acquire, at cost, a 20% direct interest in any mineral prospects developed by Borealis through March 31, 1972 or until work to prove a prospect is commenced, whichever first occurs. Borealis, in consideration of the Company's agreeing to forego interest for the period ending March 31, 1973 and agreeing to join with Canada Southern in maintaining Borealis' books and records at the Company's and Canada Southern's expense for the period ending March 31, 1972, issued to the Company 90,000 fully-paid and non-assessable shares of its common stock. These shares were valued at $84,000, based on the above-mentioned considerations, which amount has been treated as deferred income in the accompanying consolidated financial statements, of which amount $11,250 was taken into income during the year ended September 30, 1969.

3. Property and equipment

On August 27, 1968, the Company, through its subsidiary, Canso Oil & Gas, agreed to purchase a 25% interest in filings for federal leases on approximately 957,512 gross acres (239,378 net acres) in the State of Alaska. Initial consideration of $1 (U. S.) per net acre was paid by the issuance of 42,596 shares of the Company's capital stock. Within three years of August 27, 1968, an additional $3.00 (U. S.) per net acre is payable in cash or shares

NOTES TO FINANCIAL STATEMENTS — continued

September 30, 1969

of the Company's capital stock at the election of the Company, or the Company may elect to assign to the original lease applicants a net profits interest of 25% of the Company's interest in the leases issued. The Company will be reimbursed at the rate of $.50 (U. S.) per acre, or equivalent stock, for each net acre for which leases are not issued.

United Canso's interest in a concession in Venezuela was acquired from Pancoastal, Inc. in 1961. Currently, United Canso's interest consists of a 50% interest in a sliding-scale royalty ranging from 3¢ to 8¢ per barrel on 50% of the gross production from a concession in excess of 5,000 barrels per day. The cost of United Canso's interest is being amortized over the remaining period of the concession rights, which expire in 1984.

Depletion is computed by the unit-of-production method applied to the amounts assigned to the producing portion of interests retained in each original permit area. Depreciation of well equipment and amortization of intangible drilling costs are computed by the unit-of-production method based on estimated reserves available to all existing wells in each field. Depreciation of buildings and equipment is provided on the straight-line method at rates based on the estimated useful lives of the various classes of assets. The net cost of abandoned wells which had previously been producing is charged against the accumulated depreciation and amortization account of the remaining wells in the producing area.

Lease rentals and drilling commitments in connection with properties and property interests held by the Company at September 30, 1969 approximate $520,000 for the year ending September 30, 1970.

At September 30, 1969, United Canso had issued notes aggregating $149,224 to the Government of Canada because of uncompleted work requirements on various permits. These notes have been excluded from the accompanying consolidated financial statements, since they will be cancelled by the Government upon the completion of these work requirements.

4. Income taxes

For Canadian federal income tax purposes, United Canso is entitled to claim drilling, exploration and lease costs and capital cost allowances (depreciation) in amounts which exceed the related depletion, amortization and depreciation provisions reflected in the accounts of United Canso. As a result, no Canadian income taxes are payable in respect of income reported for the current year, and accumulated expenditures remain to be carried forward and applied against future taxable income as follows:

	September 30	
	1969	1968
Drilling, exploration and lease acquisition costs	$11,305,000	$11,765,000
Undepreciated capital cost	1,935,000	1,670,000

The Canadian Institute of Chartered Accountants recommends that for all fiscal years commencing on or after January 1, 1968, the tax allocation basis of accounting be used for all differences in the timing of deductions for tax and accounting purposes. However, it is not general practice in the oil and gas industry in Canada to require tax allocation accounting with respect to timing differences for drilling, exploration and lease acquisition costs. The American Institute of Certified Public Accountants does not, at the present time, require tax allocation accounting with respect to intangible development costs in the oil and gas industry. Accordingly, no provision has been made in the accounts of United Canso for income taxes deferred with respect to timing differences involving such costs. Since January 1, 1968, capital cost allowances claimed have not exceeded depreciation provided in the accounts of United Canso.

If the tax allocation basis had been followed for all timing differences between taxable income and reported income, during 1969, deferred income taxes of $181,000 ($65,000 in 1968) would have been provided and net income for the year would have been reduced accordingly.

NOTES TO FINANCIAL STATEMENTS — continued

September 30, 1969

5. The Catawba Corporation

United Canso's current (expiring April 1974) and prior contracts for financial, technical and other services with The Catawba Corporation (Catawba) have provided for payments based on services rendered and the granting of a 1/64th overriding royalty on all properties acquired by United Canso during the term of the contract. The contracts also have provided for special compensation for services rendered not contemplated under the contracts. During the year ended September 30, 1969, the Company was charged $132,959 ($146,255 in fiscal 1968) under this contract. Catawba provides similar services to the Australian companies, Magellan Petroleum Corporation, Pantepec International, Inc., Pancoastal, Inc. and Canada Southern Petroleum Ltd. Certain of the stockholders, officers and employees of Catawba are directors, officers and/or shareholders of United Canso and of the other companies mentioned above.

6. Capital, stock purchase warrants, and stock options and reservations

At September 30, 1969, there were stock purchase warrants outstanding for the purchase of 243,816 shares of the Company's capital stock. These warrants entitle the holder to purchase shares of the Company's capital stock at a price of $4.50 for each share purchased on or before March 31, 1971 and $5.25 per share from April 1, 1971 to March 30, 1972.

On January 9, 1968, the Company's shareholders approved an incentive stock option plan authorizing the Board of Directors to grant options on 225,000 shares of the Company's capital stock. Under this plan, on January 12, 1968, options to purchase shares were granted to The Catawba Corporation for 100,000 shares and to employees for 115,000 shares at an option price of $6.00 per share. The market price at date of grant was $5.76 per share. Options to purchase 7,500 shares at an option price of $9.50 per share were granted to an employee on May 23, 1969. The market price at date of grant was $9.43. The options vest and become exercisable to the extent of 35% beginning on the first anniversary of the date of grant, an additional 35% beginning on the second anniversary of the date of grant and the remaining 30% beginning on the third anniversary of the date of grant. All options granted have a five-year term.

During the year ended September 30, 1969, employees and an assignee of Catawba exercised options on 9,075 shares at $6.00 per share, an aggregate of $54,450, as compared with market prices ranging from $9.02 to $12.13 per share, an aggregate of $96,570, on the dates of exercise. Employee options on 13,650 shares expired without exercise due to termination of employment during the year ended September 30, 1969.

At September 30, 1969, there were options outstanding to purchase 199,775 shares of which 66,175 were exercisable. In addition, there were 26,150 shares reserved for future option grants at September 30, 1969. There were no other changes in stock options during the year ended September 30, 1969.

7. Allocated expenses and compensation

Certain employees and office facilities are shared with Canada Southern Petroleum Ltd. and certain of the costs and expenses represent allocated portions of common expenses. Compensation of directors, officers and a senior employee and contributions to a pension plan on their behalf, allocated to or paid directly by United Canso, amounted to $122,097 and $16,259, respectively, for the year ended September 30, 1969.

The Board of Directors and Shareholders

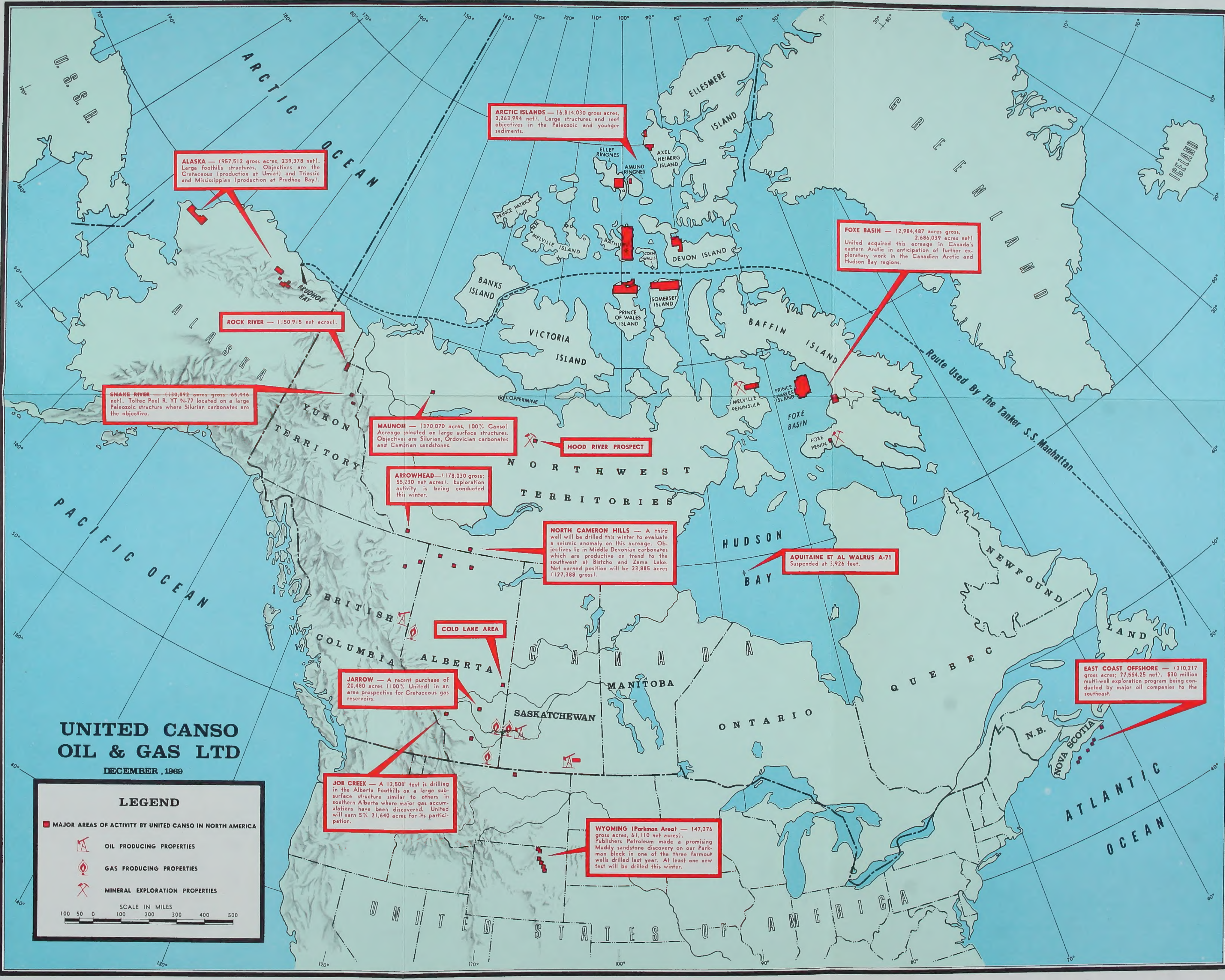
UNITED CANSO OIL & GAS LTD.

We have examined the accompanying consolidated balance sheet of United Canso Oil & Gas Ltd. at September 30, 1969, the related consolidated statements of income and accumulated deficit and of capital stock and capital in excess of par value and the consolidated statement of source and disposition of working capital for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

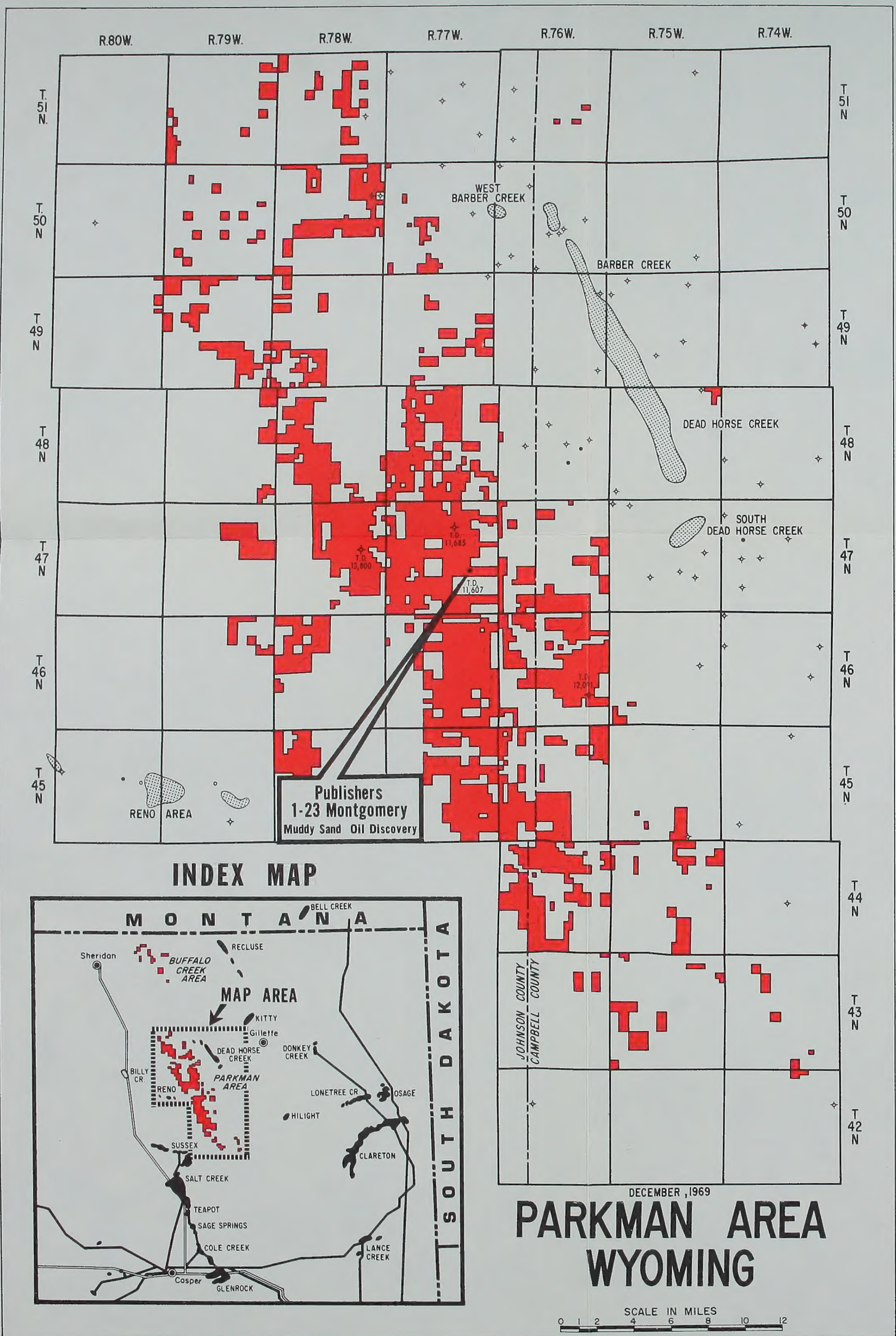
In our opinion, subject to such adjustment as would result from failure to realize in the future the amounts at which investments and advances and nonproducing property and equipment are carried in the consolidated balance sheet (see Note 1), the statements mentioned above present fairly the consolidated financial position of United Canso Oil & Gas Ltd. at September 30, 1969, the consolidated results of its operations and the source and disposition of its consolidated working capital for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ARTHUR YOUNG, CLARKSON, GORDON & CO.

New York, N. Y.
December 10, 1969



UNITED CANSO OIL & GAS LTD
DECEMBER, 1969
ALASKA — (957,512 gross acres, 239,378 net). Large foothills structures. Objectives are the Cretaceous (production at Umiat) and Triassic and Mississippian (production at Prudhoe Bay).
ROCK RIVER — (150,915 net acres).
SNAKE RIVER — (130,892 acres gross, 65,446 net). Toltec Peel R. YT N-77 located on a large Paleozoic structure where Silurian carbonates are the objective.
ARCTIC ISLANDS — (6,814,030 gross acres, 3,263,994 net). Large structures and reef objectives in the Paleozoic and younger sediments.
MAUNOIR — (370,070 acres, 100% Canso) Acreage selected on large surface structures. Objectives are Silurian, Ordovician carbonates and Cambrian sandstones.
HOOD RIVER PROSPECT
ARROWHEAD—(178,030 gross; 55,230 net acres). Exploration activity is being conducted this winter.
NORTH CAMERON HILLS — A third well will be drilled this winter to evaluate a seismic anomaly on this acreage. Objectives lie in Middle Devonian carbonates which are productive on trend to the southwest at Bistcho and Zama Lake. Net earned position will be 23,885 acres (127,388 gross).
FOXE BASIN — (2,984,487 acres gross, 2,686,039 acres net) United acquired this acreage in Canada's eastern Arctic in anticipation of further exploratory work in the Canadian Arctic and Hudson Bay regions.
AQUITAINE ET AL WALRUS A-71
Suspended at 3,926 feet.
COLD LAKE AREA
JARROW — A recent purchase of 20,480 acres (100% United) in an area prospective for Cretaceous gas reservoirs.
JOB CREEK — A 12,500' test is drilling in the Alberta Foothills on a large subsurface structure similar to others in southern Alberta where major gas accumulations have been discovered. United will earn 5% 21,640 acres for its participation.
WYOMING (Parkman Area) — 147,276 gross acres, 61,110 net acres). Publishers Petroleum made a promising Muddy sandstone discovery on our Parkman block in one of the three farmout wells drilled last year. At least one new test will be drilled this winter.
EAST COAST OFFSHORE — (310,217 gross acres; 77,554.25 net). $30 million multi-well exploration program being conducted by major oil companies to the southeast.
LEGEND
MAJOR AREAS OF ACTIVITY BY UNITED CANSO IN NORTH AMERICA
OIL PRODUCING PROPERTIES
GAS PRODUCING PROPERTIES
MINERAL EXPLORATION PROPERTIES
SCALE IN MILES
100 50 0 100 200 300 400 500
U.S.S.R.
ARCTIC OCEAN
PACIFIC OCEAN
ATLANTIC OCEAN
ALASKA
PRUDHOE BAY
YUKON TERRITORY
NORTHWEST TERRITORIES
BRITISH COLUMBIA
ALBERTA
SASKATCHEWAN
MANITOBA
ONTARIO
QUEBEC
NEWFOUNDLAND
N.B.
NOVA SCOTIA
CANADA
UNITED STATES OF AMERICA
GREENLAND
ICELAND
ELLESMERE ISLAND
AXEL HEIBERG ISLAND
ELLEF RINGNES I.
AMUND RINGNES I.
PRINCE PATRICK I.
MELVILLE ISLAND
BATHURST
CORNWALLIS I.
DEVON ISLAND
BANKS ISLAND
VICTORIA ISLAND
PRINCE OF WALES ISLAND
SOMERSET ISLAND
BAFFIN ISLAND
MELVILLE PENINSULA
PRINCE CHARLES ISLAND
FOXE BASIN
FOXE PENIN.
COPPERMINE
HUDSON BAY
Route Used By The Tanker S.S. Manhattan



PRUDHOE BAY AREA - ALASKA